

Message Text

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PAGE 01 MEXICO 00567 150103Z

ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00
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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 9709

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E. O. 11652: N/A

TAGS: BENC, MX

SUBJECT: STEEL INDUSTRY DEVELOPMENTS

REF: LOU STATE 007951

1. ACCORDING TO HIGHLY PLACED STEEL INDUSTRY SOURCE, PRIVATE AND PARASTATE STEEL COMPANIES HAVE TEMPORARILY SUSPENDED EXPANSION PLANS BECAUSE DEVALUATION HAS CAUSED FINANCING SQUEEZE. HOWEVER, SOURCE INDICATED THAT EXPANSION WILL PROCEED AS SCHEDULED AS SOON AS FINANCING ASSURED.

2. IN REGARD TO LAS TRUCHAS, WE HAVE UNSUBSTANTIATED REPORT THAT GO-AHEAD SIGNAL FOR PHASE II WAS GIVEN THIS WEEK. EMBOFF WILL MEET WITH SICARTSA OFFICIALS EARLY NEXT WEEK TO ASCERTAIN, AND WILL TAKE UP G.E. PROPOSAL AT SAME TIME. GOM HAS BUDGETED 5.1 BILLION PESOS FOR SICARTSA IN 1977, ABOUT ONE BILLION LESS THAN LAST YEAR.

3. HEAD OF PLANNING DEPARTMENT SAYS THAT ALTOS HORNOS PLANS FOR GREEN SITE PLANT IN VERACRUZ HAVE BEEN SCRAPPED IN VIEW OF LAS TRUCHAS EXPERIENCE. INSTEAD, AHMSA INTENDS TO CONSTRUCT FIVE MINI-PLANTS IN VARIOUS PARTS OF THE COUNTRY WHERE ECONOMIC INFRASTRUCTURE AND MARKETS ALREADY EXIST. FIRST OF THESE PLANTS IS TO GO UP IN PIEDRAS NEGRAS, AT A
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PAGE 02 MEXICO 00567 150103Z

YET TO BE DETERMINED DATE.

4. STEEL INDUSTRY REORGANIZATION WITHIN GOVERNMENT SECTOR IS BEING STUDIED, BUT NO FINAL CONCLUSIONS HAVE BEEN REACHED. AS FIRST STEP, NEW SUB-SECRETARIAT FOR NON-RENEWABLE RESOURCES AND IRON AND STEEL INDUSTRY (SUB-SECRETARIA DE RECURSOS NO RENOVABLES Y SIDERURGIA)

HAS BEEN CREATED WITHIN NEWLY REORGANIZED SECRETARIAT OF
NATIONAL PROPERTIES AND INDUSTRIAL DEVELOPMENT(SECRE-
TARIA DEL PATRIMONIO Y FOMENTO INDUSTRIAL). PARASTATE
STEEL COMPANIES WILL REPORT DIRECTLY TO SUB-SECRETARIAT CHIEF, JORGE
LEIPEN GARAY. INDUSTRY RUMOR IS THAT GOM MAY NOW HAVE
ACQUIRED MAJORITY HOLDING IN FINANCIALLY TRUBLED FUNDIDORA
MONTERREY, THUS IN EFFECT TRANSFORMING IT INTO PARASTATE
COMPANY. DESPITE NEWSPAPER REPORTS, NEITHER "SIDERMEX"
NOR ANY OTHER INTEGRATED SOLE GOVERNMENT STEEL COMPANY WILL
COME INTO BEING IN IMMEDIATE FUTURE, ALTHOUGH SOMETHING
ALONG THESE LINES WILL PROBABLY OCCUR BEFORE END OF CURRENT
ADMINISTRATION.
JOVA

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